
Volume 4

Table of Contents

Introduction	4-1
Chapter 1 – Disbursing FSA Funds.....	4-3
Notifications	4-3
<i>Notification of disbursement.</i>	4-3
<i>General notification.</i>	4-3
<i>Loan notification</i>	4-3
<i>TEACH Grant notification and cancellation</i>	4-5
Authorizations	4-5
<i>Voluntary consent required</i>	4-6
Method of Disbursement	4-8
<i>Credit to the student's account</i>	4-8
<i>Direct disbursement to the student</i>	4-8
<i>Paying pass-through charges</i>	4-10
<i>Paying prior-year charges</i>	4-10
<i>Apportioning and prorating charges</i>	4-11
Credit Balances.....	4-14
<i>Paying credit balances</i>	4-14
<i>Paying credit balances by issuing a check.</i>	4-16
<i>Paying credit balances by initiating an EFT</i>	4-16
<i>Holding credit balances</i>	4-19
<i>School-issued stored-value cards</i>	4-19
<i>When a school uses third-party servicers to disburse FSA funds</i>	4-19
<i>Power of attorney in disbursing FWS and Perkins</i>	4-20
Checking Eligibility at the Time of Disbursement	4-21
Prompt Disbursement Rules	4-22
Disbursing FWS Wages.....	4-23
<i>Crossover payment periods</i>	4-23
<i>Holding FWS funds on behalf of the student</i>	4-23
Late Disbursements.....	4-24
<i>Conditions for a late disbursement</i>	4-24
<i>Late disbursements that must be made vs. late disbursements that may be made</i>	4-24
<i>Limitations on making a late disbursement</i>	4-25
<i>Paying a late disbursement</i>	4-26

Chapter 2 – Requesting & Managing FSA Funds	4-29
Drawing Down Federal Student Aid Funds	4-30
<i>Drawing down funds in the Pell and Direct Loan programs.....</i>	4-30
<i>Drawing down funds in the ACG/SMART, TEACH and IAS Grant programs.....</i>	4-30
<i>Drawing down funds in the Campus-Based Programs.....</i>	4-30
<i>Heightened Cash Management</i>	4-31
Maintaining and Accounting for Funds	4-32
<i>When a school does not maintain a separate account</i>	4-32
<i>Bank account notification requirements.....</i>	4-32
<i>Interest-bearing or investment account.....</i>	4-33
<i>Additional Perkins Loan Requirements.....</i>	4-33
Excess Cash.....	4-34
<i>Allowable excess cash tolerances.....</i>	4-34
Administrative Cost Allowance (ACA)	4-35
Fiduciary Responsibility	4-36
Recovery of Unclaimed Funds (Prohibition on escheating)	4-37
<i>Time frame for returning unclaimed funds.....</i>	4-37
Garnishment of FSA Funds Prohibited	4-37
Returning Funds	4-38
<i>Returning federal funds by depositing them in a federal funds account</i>	4-38
<i>Downward adjustment of Pell, ACG/SMART, TEACH Grant, or Direct Loan required.....</i>	4-39
<i>Returning funds from an audit or program review.....</i>	4-39
<i>Returning funds after 240 days.....</i>	4-40
<i>Returning funds on Direct Loans and FFEL Loans purchased/serviced by the Department.....</i>	4-41